Appendix K

Lifeline Staff Analysis

Quantifying the effects of adding an income criterion to the Lifeline eligibility criteria

A Study for the Federal-State Joint Board on Universal Service

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Introduction

This analysis updates the staff analysis presented in the *Recommended Decision* of the Federal-State Joint Board on Universal Service regarding the Lifeline/Link-Up program.[1] The Joint Board recommended the Federal Communications Commission (FCC) add a federal default income-based criterion of at least 1.35 times the Federal Poverty Guidelines (FPG). This study analyzes the impact of a 1.35 FPG Criterion (FPGC).[2] To simplify charts and other materials, the staff analysis also refers to the 1.35 FPGC as a 1.35 Poverty Guidelines Criterion (PGC). The staff analysis in the *Recommended Decision* found that a 1.35 PGC would allow many additional low-income households in those states that utilize the federal default criteria to subscribe to the Lifeline program. This analysis updates the previous analysis by incorporating Year 2002 Current Population Survey of Households (CPSH) data. The regression and logit regression analyses were performed with the new data, with results similar to the previous study's results. In addition, this study also examines the effects of a 1.50 PGC.

Methodology

There is a benefit to increasing the number of Lifeline participants, and also a cost. The obvious benefit would be that some of those added Lifeline subscribers would newly receive telephone service. The cost at the federal level would be the additional federal dollars spent on the additional Lifeline enrollees. This study uses economic methodologies to forecast the baselines, changes due to the new policy, and program levels after the implementation of the new policy. This means that first we estimate the number of Lifeline subscribers and the associated costs of the program to form the baseline, also known as the status quo. Second, we estimate the changes that would result from a nationwide implementation of a 1.35 PGC, assuming that all states adopt this criterion.[3] Third, we add (or apply) the changes to the baselines to the time period when the policy is expected to be implemented. This step provides an estimate of the number of Lifeline subscribers and costs that would result from the new policy. The same analysis also is presented for 1.50 PGC. This study examines only the effects of implementing an income criterion, and assumes that states do not otherwise alter their eligibility criteria.

This study uses a combination of statistical regression analysis and simple math in a series of spreadsheet tables. The following equations form the basic structure of the spreadsheet model.

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[1] *See Recommended Decision*, 18 FCC Rcd at 6633, Appendix F.

[2] *But see supra* note 41.

[3] We recognize that our analysis could change significantly if not all states adopt a 1.35 PGC. Also, some states have a 1.50 PGC. This study assumes that those states with a 1.50 PGC keep it.

New Lifeline households = New Lifeline-eligible households times predicted Lifeline subscription rate among newly-eligible households.

Additional federal Lifeline expenditures = number of additional households that would take Lifeline times the amount of federal expenditures per household that takes Lifeline.

In sum, the results of two regression models are used to predict the impact of a policy change, and these predictions are applied to the baseline to calculate the new level of Lifeline subscription and federal Lifeline expenditures.

Results

The results are summarized below:

Summary information for Year 2005 if all states adopt a 1.35 PGC:

Additional households that would take Lifeline:	1,167,000 to 1,292,000
Of the additional Lifeline subscribers, the number that would newly subscribe to telephone service because of the 1.35 PGC:	247,000
Of the additional Lifeline subscribers, the number that would already have telephone service:	920,000 to 1,045,000
Additional federal expenditures in 2005:	
Amount that federal expenditures would increase:	$127,000,000 to $140,000,000
Additional federal expenditures per new telephone subscriber:	$514 to $567

Lifeline Staff Analysis

Introduction

Lifeline provides low-income consumers with discounts of up to $10.00 off of the monthly cost of telephone service for a single telephone line in their principal residence. States use different criteria for determining whether a household qualifies for Lifeline. Some states use the federal default eligibility criteria (set by the FCC), which enable households receiving Federal Public Housing Assistance (Section 8), Food Stamps, Low-Income Home Energy Assistance Program (LIHEAP), Medicaid, or Supplemental Security Income to receive Lifeline. Other states have set their own criteria. States setting their own criteria often use one or more of the programs from the federal criteria and sometimes include one or more of their own state-wide programs. Some states also use an income-based criterion, which is based on some multiple of the Federal Poverty Guidelines. In all cases, a household need meet only one of a state's criteria to be eligible for Lifeline.

The Joint Board recommended that the FCC add an income-based criterion to the federal eligibility criteria for Lifeline. The Joint Board also recommended that the income-based criterion be set at 1.35 times the Federal Poverty Guidelines. Thus, households with incomes at or below 1.35 times the Federal Poverty Guidelines would be eligible for Lifeline.

Some commenters suggest raising the criterion to 1.50 times the Federal Poverty Guidelines (FPG), based on the observation that the LIHEAP uses a criterion of 1.50 times the FPG. The commenters argue that it would be logically inconsistent to use a multiple of 1.35 for Lifeline directly, but 1.50 indirectly, through LIHEAP.[4] This study examines the effect of using the 1.35 and the 1.50 mutiple.

This study assumes that all states (not just those that currently utilize the federal default criteria) add an income-based criterion using a multiple of the Federal Poverty Guidelines. This analysis calls this income-based criterion a Poverty Guidelines Criterion (PGC). A nationwide implementation of a 1.35 PGC would increase the overall number of households eligible for Lifeline.[5] This would enable additional low-income households in many states to take the Lifeline program. (Households meeting at least one eligibility criterion are eligible for Lifeline, so adding an additional eligibility criterion increases the number of households that are eligible for Lifeline.)

There is a benefit to increasing the number of participants, and also a cost. The obvious benefit would be the increase in the number of low-income households newly subscribing to telephone service. The cost at a federal level would be the additional federal dollars spent on the additional Lifeline enrollees. Because the study assumes that all states choose to adopt the recommended federal income-based eligibility criterion, the estimates presented are likely to represent the upper limit of both the potential new Lifeline subscribers and the potential number of new

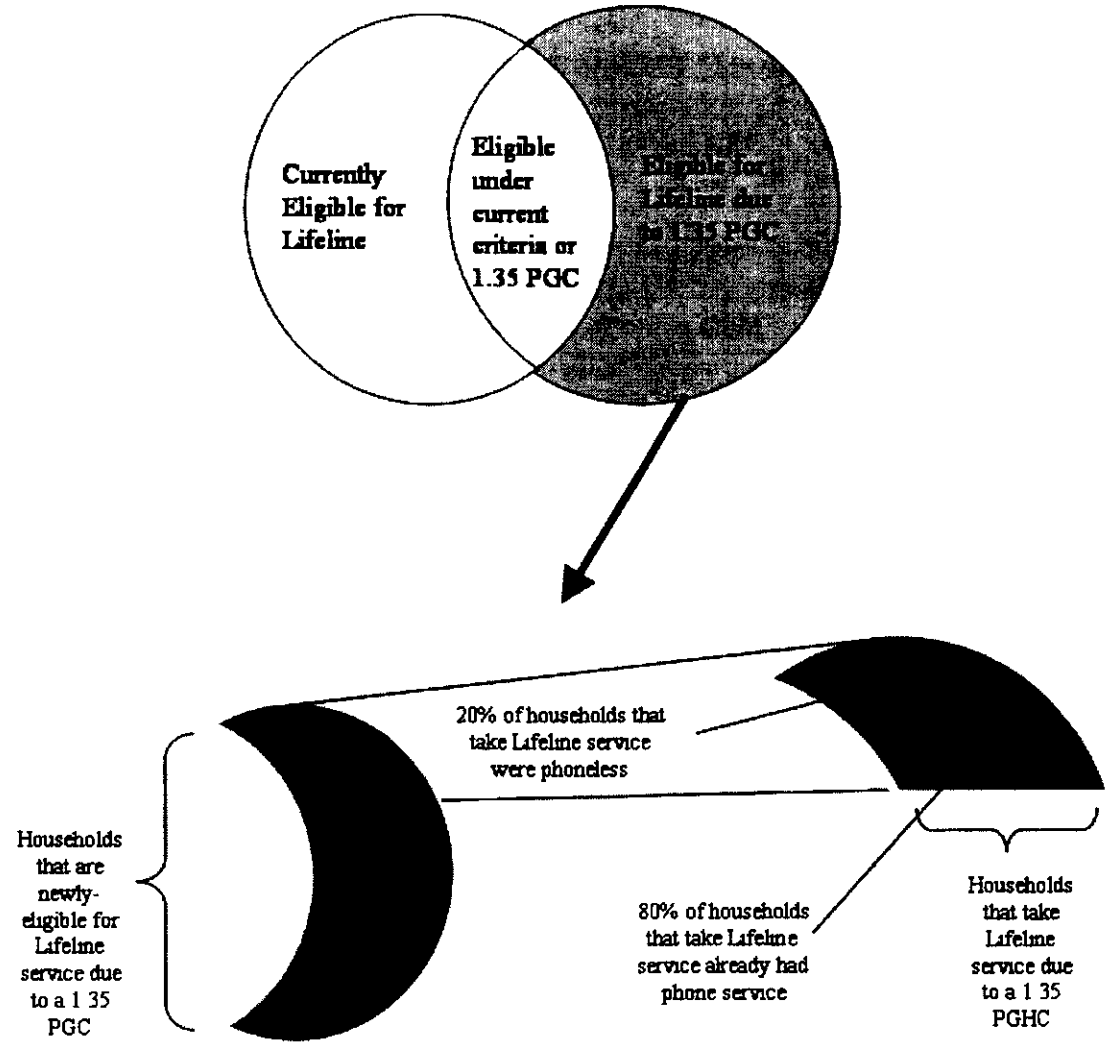
[4] Consumer Coalition Comments at 2; Commissioner Wilson Pa PUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 4-5.

[5] This study assumes throughout that states with a 1.50 PGC continue to use a 1.50 PGC.

telephone subscribers, as well as the corresponding impact on the fund as a result of a 1.35 PGC. If some states choose not to adopt the federal income-based standard, the number of new Lifeline and telephone subscribers, and additional cost would be correspondingly lower.

The relationship between Lifeline eligibility, Lifeline subscribership, and telephone subscribership is as follows. A PGC would make many households eligible for Lifeline. A portion of those newly-eligible households will take Lifeline. Of those households that subscribe to Lifeline because of the new PGC, a portion will be new to telephone service because of the lower price. The other portion would already have telephone service, and would be taking the Lifeline just because they are newly-eligible. See the graphs on the next page.

Lifeline Eligibility with a 1.35 PGC, households taking Lifeline, and households taking telephone service due to a 1.35 PGC



Methodology Summary

This study uses economic methodologies to forecast baselines, changes to the baselines, and program levels after the implementation of the new policy. This means that first we estimate the number of Lifeline subscribers and the associated federal expenditures of the program to form the baseline numbers. Second, we estimate the changes that would result from a nationwide implementation of a 1.35 PGC. Third, we add (or apply) the changes to the baseline in the time period when the policy is expected to be implemented. This step provides an estimate of the number of Lifeline subscribers and costs under the new policy.

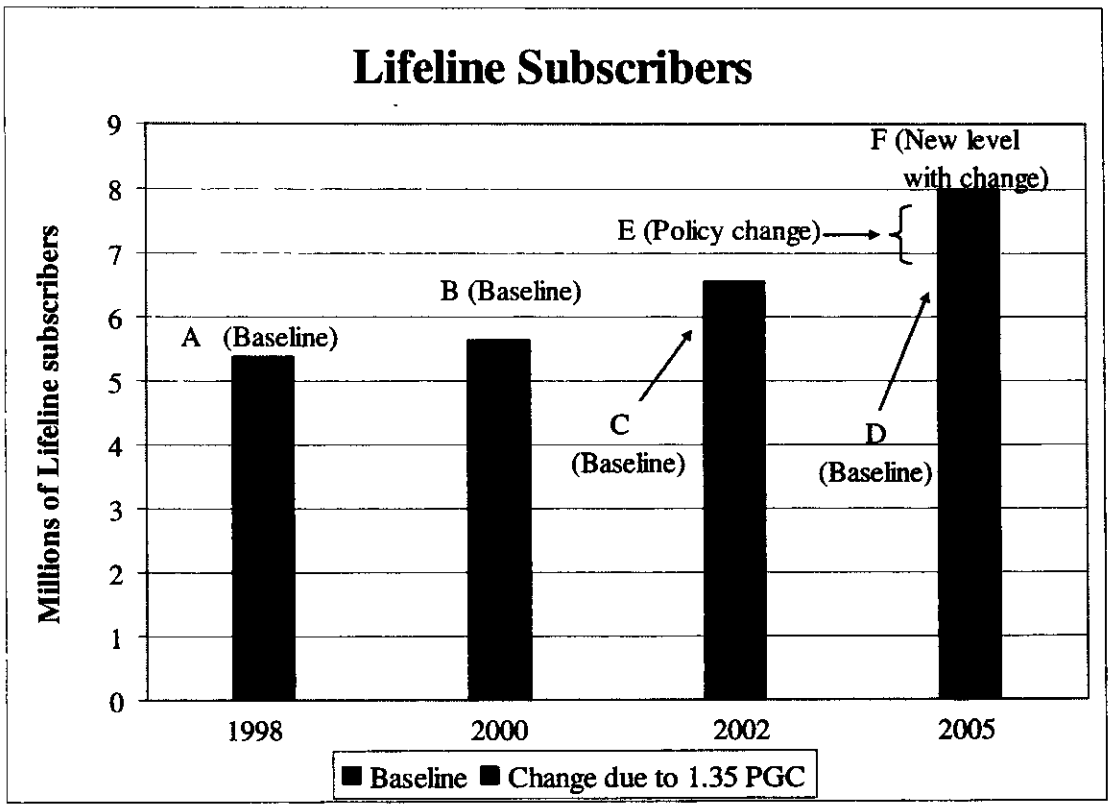
In order to make projections for Year 2005, we examine data for Year 2002, and apply those inferences to our projections for 2005. We first estimate the percentage of households that were eligible for Lifeline in 2002, and compare that to the number of households that took Lifeline in 2002. This allows us to calculate a "Lifeline take rate" which can then be applied to 2005 data. We have chosen to estimate the baseline and changes for 2005 because that is the timeframe in which the proposed changes would be implemented.

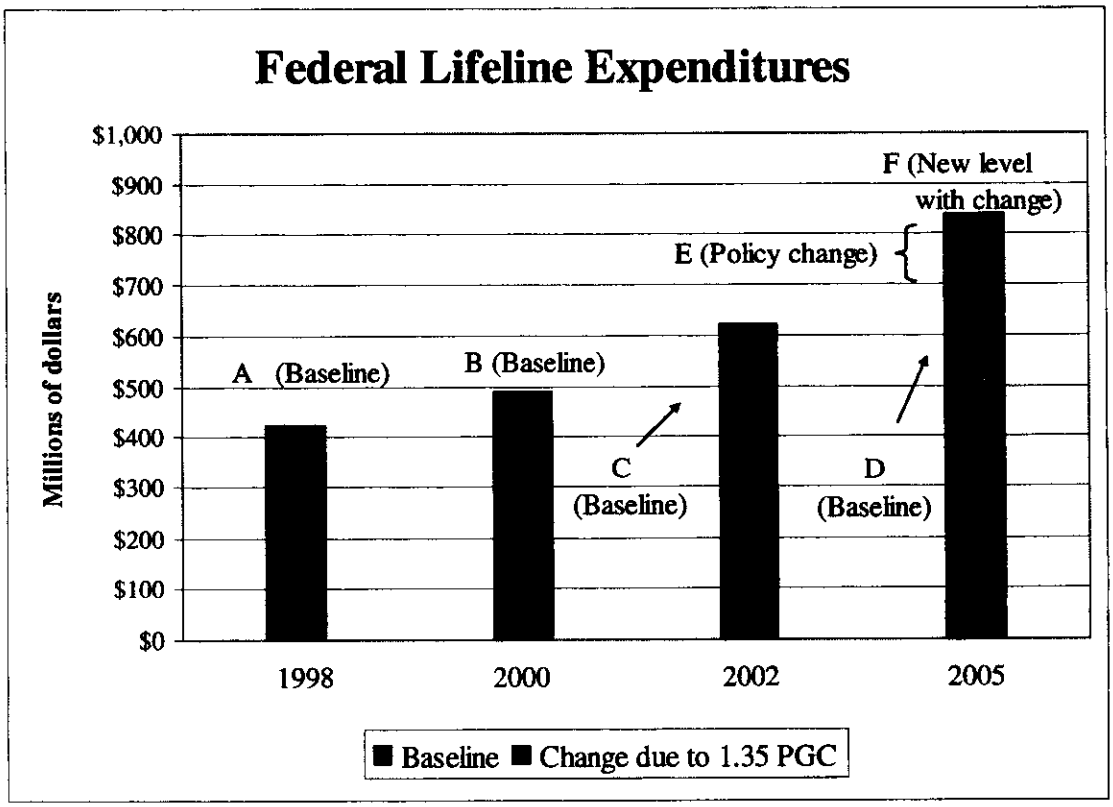
The second step uses demographic data available from 2002 data to model the effects that a 1.35 PGC would have had on Lifeline subscribership and telephone penetration in 2002. That increase (in percentage form) is then applied to 2005 data. For Lifeline subscribership, a regression model is constructed that predicts the increase in Lifeline subscribership as a function of increasing multiples of the Federal Poverty Guidelines. For instance, this model indicates that if Texas—which has a 1.25 PGC—had had a 1.35 PGC in 2002, it would have had 23,231 to 25,715 more households on Lifeline in 2002 (*See* Table 2.E). That increase (in percentage form) is used to predict the additional Lifeline subscribers Texas would have in 2005 (*See* Table 2.F).

For telephone subscribership, a logistic regression is constructed that predicts the increase in telephone subscribership as a function of increasing multiples of the Federal Poverty Guidelines and other important factors, such as income and home ownership. The model predicts that if all states had had a 1.35 (or higher) PGC for Lifeline in 2002, then 229,000 additional households would have taken telephone service (*See* Table 2.I). Table 2.I also applies this increase (in percentage form) to 2005.

In the third step, the estimated additional number of Lifeline subscribers is added to the baseline in 2005 to get the forecasted number of Lifeline subscribers that would exist in 2005 under a nationwide implementation of the new policy. The same is done for Lifeline expenditures in 2005.

These steps are exhibited in the following graphs. The first graph shows the steps for predicting the number of Lifeline subscribers, and the second graph shows the amount of federal Lifeline expenditures.


Lifeline Subscribers
Millions of Lifeline subscribers
9
8
7
6
5
4
3
2
1
0
A (Baseline)
B (Baseline)
C (Baseline)
D (Baseline)
E (Policy change)
F (New level with change)
1998
2000
2002
2005
Baseline
Change due to 1.35 PGC


Federal Lifeline Expenditures
Millions of dollars
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
A (Baseline)
B (Baseline)
C (Baseline)
D (Baseline)
E (Policy change)
F (New level with change)
1998
2000
2002
2005
Baseline
Change due to 1.35 PGC

Modeling Process

The modeling process is outlined below. The word "produce" is used below when the FCC did not have the actual data, and so the quantities were estimated. The word "forecast" is used when data are predicted for a future time period.

- Create baselines
  - Produce baseline Life[illegible] subscription rates for 2002.
  - Forecast baseline Life[illegible] subscription rates for 2005.
  - Forecast baseline fede[illegible] Lifeline expenditures for 2005.
- Estimate ch[illegible] due to new [illegible]
  - Produ[illegible] change to L[illegible] eligibility resulting from a 1.35 PGC.
  - Produce change to Li[illegible]e subscribers [illegible] 2002 resulting from a 1.35 PGC.
  - Forecast change to Li[illegible] subscribers [illegible] 2005.
  - Forecast change to fe[illegible] Lifeline expenditures for 2005.
  - Forecast for Years 20[illegible] [illegible]d 2005, change to telephone subscribership resulting from a 1.35 PGC.
- Apply changes to baselines to compute new pro[illegible]am levels
  - Apply forecasted chan[illegible]s to forecasted [illegible]eline to determine the new number of Lifelin[illegible] subscribers in 2005.
  - Apply forecasted changes to forecasted baseline to determine the new federal Lifeline expenditures in 2005.

Methodology Detail

The above steps will now be discussed in more detail. A series of tables is constructed that show the computations for the three steps outlined above.

This study combines data from four sources: 1) Current Population Survey of Households (CPSH) provided by the Bureau of Labor Statistics; 2) The FCC's *Universal Service Monitoring Report*;[6] 3) the website <www.lifelinesupport.org>; and 4) Universal Service Administrative Company (USAC). The CPSH data contain the results from over 70,000 households that were surveyed around January 2002. The Monitoring Report lists the amount of federal support that Lifeline households in each state received in 2002. The website www.lifelinesupport.org provides the Lifeline eligibility requirements for each state, and USAC provided the number of Lifeline subscribers in 2002.

This study uses a combination of statistical regression analysis and simple math in a series of spreadsheet tables. Two regression models are constructed.

- Lifeline Subscribership Regression Model - A regression analysis model is constructed that correlates higher Lifeline subscription rates to the use of higher multiples of the

[6] Industry Analysis and Technology Division, Wireline Competition Bureau, October 2002 Monitoring Report (October 2002).

Federal Poverty Guidelines for income criteria. Many states already have income-based Lifeline eligibility criteria, and in general, the states with a higher multiple of the Federal Poverty Guidelines have higher Lifeline subscription rates. The results from this model are then used to predict the number of households that would have taken Lifeline in 2002 if all states had a 1.35 PGC. Those results are then used to forecast the number of households that would take Lifeline in 2005 if all states had a 1.35 PGC.

- Telephone Subscribership Regression Model - Another regression model, this time using a logistic regression, is used to predict increased telephone participation that would have resulted in 2002 had a 1.35 PGC been in effect nationwide. This model incorporates several factors, including the 1.35 PGC, income, and other demographic information. Many states have income-based Lifeline eligibility criteria, and in general, the states with a higher multiple of the Federal Poverty Guidelines have higher telephone subscription rates. The results from this model are then used to determine the number of households that would take telephone service in 2005 as a result of a nationwide implementation of a 1.35 PGC.

The spreadsheet tables use a series of equations which simply add or multiply the contents of various columns in the table to produce a final column (to the right) which is of the most interest. The results of the regression analysis are incorporated into several columns in the tables. The following equations are used in the tables:

- Number of additional households taking Lifeline = number of newly-eligible households times the Lifeline subscription rate (the percentage of those households that would take Lifeline, which is determined by the Lifeline Regression Model).

- Additional federal Lifeline expenditures = number of additional households that would take Lifeline times the amount of federal expenditures per household that would take Lifeline.

In sum, the results of two regression models are used to predict the impact of a policy change, and these predictions are applied to the baseline to calculate the new level. The data and analysis are discussed in more detail below.

Step 1: Create Baselines

The tables in this section examine the number of Lifeline subscribers, the number of households that are eligible for Lifeline and the Lifeline subscription rate. Each table reflects data for a different year.

Baseline Lifeline subscription rates for Year 2002. Nationally, 17.8% of households are estimated to have been eligible for Lifeline. Of these eligible households, an estimated 33.7% subscribed to Lifeline.

The CPSH data contain demographic data from which the eligibility for each household in the sample can be determined. For example, if a state uses Food Stamps as an eligibility criterion, then those households in that state that received Food Stamps are considered to be eligible for

Lifeline. Each household is analyzed according to its state's eligibility criteria, as reported by <www.lifelinesupport.org>.[7] Only those households that meet at least one of the eligibility criteria are deemed eligible for Lifeline, the rest are deemed ineligible.[8] From these data, statewide estimates for the number of Lifeline eligible households are created. USAC data are then used to create the Lifeline subscription rate, which is the percentage of eligible households that subscribe to Lifeline. (*See* Table 1.A).

Forecasted Baseline Lifeline subscription rates for 2005. We estimate that 118.0 million households will exist in 2005, and 6.8 million of those households are expected to take Lifeline under existing rules.

The results from the previous table are used to forecast the number of households, the number of Lifeline-eligible households, and the number of Lifeline subscribers in 2005. The number of households in 2005 is calculated by examining the growth rate of households between 2000 and 2002. The number of households qualifying for Lifeline in 2005 (July 1, 2005, to be exact) is simply calculated by multiplying the percentage of all households that are eligible for Lifeline in 2002 by the forecasted number of households in 2005. This calculation assumes that the same percentage of households will qualify for Lifeline in 2005 as did in 2002. The number of households that would take Lifeline in 2005 is calculated by multiplying the percentage of eligible households that took Lifeline in 2002 by the forecasted number of eligible households in 2005. This calculation assumes that the same percentage of Lifeline-eligible households will take Lifeline in 2005 as did in 2002. These predictions make two implicit assumptions: the number of households in each state increases at a constant rate, and the economy continues to grow at the same rate it did in 2002. (*See* Table 1.B).

Forecasted Baseline federal Lifeline expenditures for 2005. Forecasted federal Lifeline expenditures under existing rules in 2005 are $706 million.

The forecasted federal Lifeline expenditures are calculated by multiplying the forecasted number of Lifeline subscribers in each state times the expected federal expenditures per line in that state. The sum of state-by-state federal expenditures forms the national total. (*See* Table 1.C).

[7] The website was viewed in early 2002.

[8] This is accomplished electronically using Visual Basic for Applications for Microsoft Access.

Step 2: Estimate Changes due to New Policy

This section quantifies the number of additional households that would become eligible for Lifeline, the number of additional households that would subscribe to Lifeline, and the number of households that would newly subscribe to telephone service due to the implementation of a 1.35 PGC. (This analysis assumes that states without a PGC for Lifeline and states with a PGC below 1.35 adopt a 1.35 PGC. This analysis also assumes that states with a 1.50 PGC keep it, and that states don't alter their other Lifeline criteria.) This section then calculates the increased federal Lifeline expenditures resulting from the increased number of households taking Lifeline due to the 1.35 PGC. CPSH data are used to determine the number of additional households that would become eligible for Lifeline. Two regression analyses are used to determine the number of additional households that would subscribe to Lifeline and the number of households that would take telephone service due to a 1.35 PGC.

Change to Lifeline eligibility in 2002 and 2005 resulting from a 1.35 PGC. We predict that an additional 6.7 percent of total households would qualify for Lifeline under the 1.35 PGC. This translates into 7.4 million households in Year 2002 and 8.1 million households in 2005.

The demographic data from each household in the CPSH data are examined to determine whether it was eligible for Lifeline in 2002 under existing rules, and whether it would have become eligible for Lifeline with a 1.35 PGC. This allows us to estimate the increase in Lifeline eligibility that results from a 1.35 PGC for 2002, which in turn, allows us to estimate the effects for 2005. Table 2.A presents the information for 2002 and 2.B presents the information for 2005.

Change to Lifeline subscribership in 2002 and 2005 resulting from a 1.35 PGC. We predict that if states without a PGC (and states with PGCs at 1.25 or lower) adopted a 1.35 PGC, there would be a significant increase in the number of low-income households that would take Lifeline. Nationwide, for 2002, the number of additional Lifeline takers would be between 1.07 million and 1.18 million. For 2005, the number of additional Lifeline subscribers would be between 1.17 million and 1.29 million.

Different states have different Lifeline eligibility criteria, so regression analysis can be employed to quantify the correlation between the use of a higher multiple of the poverty guidelines (i.e., a higher PGC) and the resulting higher Lifeline subscription rate. The Lifeline Regression Model predicts increased Lifeline subscribership that would have resulted from a nationwide 1.35 PGC in 2002. (*See* Tables 2.C and 2.D.) (At the end of this study is a technical appendix that more thoroughly discusses the regression analysis used for this model.) Tables 2.E and 2.F apply these results and show the number of additional Lifeline subscribers on a state-by-state basis for 2002 and 2005.

Change to federal Lifeline expenditures for 2005 is forecasted. We predict that federal Lifeline expenditures would increase $127 million to $140 million if all states implemented a 1.35 PGC.

The forecasted change to federal Lifeline expenditures is calculated by multiplying the forecasted change to the number of Lifeline subscribers in each state times the expected federal expenditures per Lifeline subscribers in that state. The state-by-state change in the amount of

federal expenditures is then summed to form the national total. (*See* Table 2.G).

Forecasted change to telephone subscribership for 2005. We predict that if all states adopted a 1.35 PGC, 247,000 households that do not have telephone service would take telephone service.

The Telephone Subscribership Regression Model uses logistic regression to predict the increased telephone subscribership that would have resulted from a nationwide 1.35 PGC in 2002. (*See* Tables 2.H and 2.I). (At the end of this study is a technical appendix that more thoroughly discusses the logistic regression analysis used for this model.) Table 2.I also uses these results to quantify the number of households that would have newly taken telephone service in 2002 and that would newly take telephone service in 2005 because of a 1.35 PGC.

For 2002 and 2005 respectively, Tables 2.J and 2.K break down the number of new Lifeline subscribers into two groups: those that would be new to telephone service, and those that already had telephone service, and who would subscribe to Lifeline simply because they would be newly eligible.

Step 3: Apply Changes to Baselines to Compute New Program Levels

The new levels of Lifeline subscribership and federal expenditures are shown in two tables. First, the new total of Lifeline subscribers is calculated, and then the increased federal Lifeline expenditures are calculated.

Forecasted New Policy Levels for Lifeline subscribership in 2005. We predict that if all states implement a 1.35 PGC for Lifeline, an estimated 8 million households would subscribe to Lifeline.

Here the forecasted increase in Lifeline subscribers is added to the forecasted baseline number of subscribers to create the new forecasted number of Lifeline subscribers in 2005 with the 1.35 PGC. (*See* Table 3.A).

Forecasted New Policy Levels for federal Lifeline expenditures. We predict that if all states implement a 1.35 PGC for Lifeline, federal Lifeline expenditures are forecasted to be in the range of $833 million to $846 million.

Here, the forecasted increase in federal Lifeline expenditures is added to the forecasted baseline federal Lifeline expenditures to create the new forecasted federal Lifeline expenditures in 2005 with the 1.35 PGC. (*See* Table 3.B).

Other Factors

This study cannot take several important factors into consideration, such as economic conditions and state outreach programs because there are not enough data to do so. Properly accounting for a fluctuating economy would require five or more decades of data. The Lifeline program started in 1984, so an analysis incorporating a fluctuating economy is not attempted in this study. Further, there are no comprehensive estimates quantifying state spending on outreach programs, or the effects the outreach programs have on Lifeline subscribership.

By not accounting for these factors explicitly, this study assumes that these factors will remain constant between 2002 and 2005. Although changes in these factors can affect the forecasted baseline number of Lifeline subscribers (and therefore, baseline federal expenditures), those factors should have a relatively smaller effect on the forecasted number of households that will take Lifeline as a result of a 1.35 PGC. The number of households that would take Lifeline because of a 1.35 PGC is about $1/6^{th}$ of those that already take Lifeline. So, as the economy fluctuates, and more or less households take Lifeline, the number of households that would take Lifeline due to a 1.35 PGC will go up and down by $1/6^{th}$ as much as the number of households that would take Lifeline based on other eligibility criteria. Thus, the number of households taking Lifeline due to a 1.35 PGC will have $1/36^{th}$ the variance that the number of households taking Lifeline will have.[9]

Additional Assumptions

In addition to the factors discussed above, this study makes several assumptions that are needed to estimate the impact of the program:

1) All other Lifeline/LinkUp eligibility criteria (and the qualifications for the underlying programs) stay constant over time. Aside from the addition of a 1.35 PGC, this model assumes that between 2002 and 2005, no other changes are made to the Lifeline/LinkUp programs or to the programs that are frequently used as qualifying criteria for Lifeline between 2002 and 2005;

2) Data can be substituted. Several states have a 1.33 PGC in effect. This study treats states that have a 1.33 PGC as having a 1.35 PGC. This assumption is reasonable because the effects of a 1.33 PGC are statistically indistinguishable from a 1.35 PGC.

3) Rapid adoption and continuity. This model assumes that all states rapidly adopt a 1.35 PGC (and that states with a 1.50 PGC keep it). The model also assumes that households rapidly learn of the changes to the Lifeline program and expeditiously act on this new information.

[9] *See* Henry Scheffe, The Analysis of Variance, at 8 (1959).

Results

The results are summarized below:

Summary information for 2005:

Household information:

Forecasted households on Lifeline without 1.35 PGC:	6,775,000
Forecasted additional households on Lifeline with 1.35 PGC:	1,167,000 to 1,292,000
Forecasted households on Lifeline with 1.35 PGC:	7,942,000 to 8,067,000

Lifeline subscriber information:

Households that would newly take telephone service due to the 1.35 PGC:	247,000
Households taking Lifeline that already have telephone service:	920,000 to 1,045,000

Federal Lifeline expenditures:

Forecasted federal Lifeline expenditures without 1.35 PGC:	$706,000,000
Forecasted amount federal expenditures would increase:	$127,000,000 to $140,000,000
Forecasted federal Lifeline expenditures with 1.35 PGC:	$833,000,000 to $846,000,000

Additional federal expenditures per new telephone subscriber: $514 to $567

Section 1: Baseline Information

Table 1.A

Baseline Lifeline subscription information (Year 2002)

State	a (CPSH data) Households in 2002	b (CPSH data) Percentage of HH that would qualify for Lifeline (LL) under existing rules	c=a*b Households that would qualify for Lifeline under existing rules	d (USAC data) Households that took Lifeline in 2002	e=d/c Percentage of households that took Lifeline in 2002
Alabama	1,752,018	17 0%	297,228	25,403	8 5%
Alaska	224,499	23 2%	52,146	23,302	44.7%
Arizona	1,939,473	14 4%	279,334	73,186	26.2%
Arkansas	1,059,049	23.0%	243,997	10,100	4.1%
California	11,935,960	20 5%	2,451,057	3,232,732	131.9%
Colorado	1,690,526	2.7%	45,808	29,709	64.9%
Connecticut	1,381,915	13 7%	188,857	58,056	30.7%
Delaware	310,968	10 9%	33,946	2,100	6.2%
DC	269,356	23 5%	63,327	13,645	21.5%
Florida	6,683,618	15 8%	1,052,902	142,521	13.5%
Georgia	3,172,213	14 3%	452,827	68,266	15.1%
Hawaii	418,526	8 6%	36,185	14,124	39.0%
Idaho	495,397	25 3%	125,089	27,660	22.1%
Illinois	4,836,881	16 4%	793,394	87,188	11.0%
Indiana	2,501,325	12 4%	309,568	40,326	13.0%
Iowa	1,163,128	14 6%	170,241	17,800	10.5%
Kansas	1,088,752	12 3%	133,747	13,775	10.3%
Kentucky	1,583,371	21 0%	332,295	60,739	18.3%
Louisiana	1,668,964	17 2%	287,759	21,265	7.4%
Maine	571,277	22 5%	128,698	85,587	66 5%
Maryland	2,083,956	2.8%	57,849	4,022	7.0%
Massachusetts	2,584,626	16 4%	423,706	164,600	38.8%
Michigan	3,947,084	26 2%	1,032,526	118,794	11.5%
Minnesota	1,994,754	14 0%	278,453	47,554	17 1%
Mississippi	1,097,592	29 7%	326,524	22,566	6 9%
Missouri	2,217,997	14.6%	324,392	33,322	10.3%
Montana	379,228	14 2%	53,704	15,815	29.4%
Nebraska	678,736	13.1%	89,251	15,241	17.1%
Nevada	809,411	19.8%	160,611	37,204	23.2%
New Hampshire	523,968	12.3%	64,338	7,253	11.3%
New Jersey	3,262,561	13.3%	435,283	46,687	10.7%
New Mexico	698,282	21 7%	151,749	47,356	31.2%
New York	7,294,127	21 6%	1,578,737	500,671	31.7%
North Carolina	3,217,678	19 2%	616,817	99,510	16.1%
North Dakota	275,725	13.7%	37,712	19,226	51.0%
Ohio	4,595,674	15 8%	726,907	279,591	38 5%
Oklahoma	1,366,274	17 7%	241,259	117,297	48.6%
Oregon	1,366,819	25.0%	341,162	36,402	10.7%
Pennsylvania	4,863,997	12 0%	584,754	94,846	16.2%
Rhode Island	428,672	18 2%	78,185	46,189	59 1%
South Carolina	1,574,457	18 4%	289,051	21,809	7.5%
South Dakota	308,026	17 6%	54,211	27,117	50 0%
Tennessee	2,307,548	33 1%	764,595	49,050	6 4%
Texas	7,493,242	25 4%	1,901,378	429,970	22.6%
Utah	716,224	22 2%	159,072	19,652	12 4%
Vermont	259,765	32 9%	85,439	29,911	35 0%
Virginia	2,759,677	11 3%	312,574	20,730	6.6%
Washington	2,397,497	16 4%	393,513	83,327	21.2%
West Virginia	759,332	19.8%	150,381	4,905	3.3%
Wisconsin	2,181,649	11 5%	250,155	68,333	27.3%
Wyoming	196,973	15 0%	29,449	2,126	7.2%
Nationwide	109,388,768	17 8%	19,472,000	6,558,560	33.7%

Note. Some numbers in this table have been rounded

Source Current Population Survey of Households (CPSH) March 2002 data.

Section 1: Baseline Information
Table 1.B
Baseline Lifeline subscription information (Year 2005)

State	a (Table 1 A) Households 2002	b (CPSH) Growth (loss) 1/2002 - 7/2005 based on 1/2000 - 1/2002[1]	c=a*b New (fewer) households in 2005	d=a+c Expected total households July 2005	e (Table 1.A) Percentage of HH that would qualify for LL under existing rules	f=d*e Households that would qualify for Lifeline under existing rules	g (Table 1 A) Lifeline take rate for HH that qualify under existing rules	h=f*g Expected HH that would take Lifeline under existing rules
Alabama	1,752,018	0.8%	14,849	1,766,868	17 0%	299,747	8.5%	25,618
Alaska	224,499	5.4%	12,185	236,684	23 2%	54,977	44 7%	24,567
Arizona	1,939,473	12 7%	246,506	2,185,979	14 4%	314,837	26 2%	82,488
Arkansas	1,059,049	5.5%	58,199	1,117,248	23 0%	257,406	4 1%	10,655
California	11,935,960	-2 2%	-259,963	11,675,997	20 5%	2,397,673	131.9%	3,162,324
Colorado	1,690,526	9 6%	162,683	1,853,209	2 7%	50,216	64 9%	32,568
Connecticut	1,381,915	12 9%	178,850	1,560,766	13 7%	213,300	30.7%	65,570
Delaware	310 968	13 8%	42,992	353,960	10 9%	38,639	6.2%	2,390
DC	269,356	21.9%	59,075	328,431	23.5%	77,216	21 5%	16,638
Florida	6,683,618	17 8%	1,191,839	7,875,457	15 8%	1,240,658	13.5%	167,936
Georgia	3,172,213	13 1%	416,286	3,588,499	14 3%	512,251	15 1%	77,224
Hawaii	418,526	2.9%	12,305	430,831	8 6%	37,249	39 0%	14,539
Idaho	495,397	5.2%	25,673	521,070	25.3%	131,572	22.1%	29,093
Illinois	4,836,881	10 0%	485,999	5,322,880	16.4%	873,112	11.0%	95,948
Indiana	2,501,325	15.2%	380,568	2,881,893	12.4%	356,667	13.0%	46,461
Iowa	1,163,128	2.2%	25,853	1,188,981	14.6%	174,025	10.5%	18,196
Kansas	1,088,752	7 4%	80,504	1,169,256	12.3%	143,636	10.3%	14,794
Kentucky	1,583,371	3 9%	61,169	1,644,539	21.0%	345,132	18.3%	63,085
Louisiana	1,668,964	6 5%	108,680	1,777,645	17 2%	306,498	7.4%	22,650
Maine	571,277	26.1%	149,312	720,589	22 5%	162,335	66.5%	107,956
Maryland	2,083,956	8 4%	174,235	2,258,191	2.8%	62,685	7.0%	4,358
Massachusetts	2,584,626	8 4%	217,343	2,801,968	16 4%	459,336	38 8%	178,441
Michigan	3,947,084	11 1%	439,803	4,386,888	26 2%	1,147,575	11 5%	132,031
Minnesota	1,994,754	13.8%	275,225	2,269,978	14 0%	316,872	17 1%	54,115
Mississippi	1,097,592	9.7%	106,991	1,204,582	29 7%	358,353	6 9%	24,766
Missouri	2,217,997	3.8%	84,088	2,302,085	14 6%	336,690	10.3%	34,585
Montana	379,228	10 9%	41,387	420,615	14.2%	59,565	29.4%	17,541
Nebraska	678,736	6 7%	45,409	724,145	13 1%	95,222	17.1%	16,261
Nevada	809,411	32 0%	259,081	1,068,492	19.8%	212,021	23.2%	49,112
New Hampshire	523,968	22 1%	115,836	639,804	12.3%	78,561	11.3%	8,856
New Jersey	3,262,561	12.5%	408,819	3,671,381	13.3%	489,827	10 7%	52,537
New Mexico	698,282	7 7%	54,043	752,325	21 7%	163,494	31 2%	51,021
New York	7,294,127	6 4%	465,077	7,759,204	21.6%	1,679,398	31 7%	532,594
North Carolina	3,217,678	16.0%	513,866	3,731,543	19 2%	715,324	16 1%	115,402
North Dakota	275,725	13.0%	35,890	311,615	13 7%	42,621	51.0%	21,729
Ohio	4,595,674	2 9%	133,391	4,729,065	15 8%	748,006	38.5%	287,706
Oklahoma	1,366,274	4.2%	57,363	1,423,636	17 7%	251,388	48.6%	122,222
Oregon	1,366,819	3 4%	45,970	1,412,789	25 0%	352,636	10.7%	37,626
Pennsylvania	4,863,997	7.4%	357,618	5,221,614	12 0%	627,747	16 2%	101,819
Rhode Island	428,672	18 6%	79,874	508,546	18.2%	92,753	59 1%	54,795
South Carolina	1,574,457	3 5%	54,896	1,629,353	18 4%	299,129	7.5%	22,569
South Dakota	308,026	16 3%	50,279	358,305	17.6%	63,060	50 0%	31,543
Tennessee	2,307,548	13 6%	313,658	2,621,206	33 1%	868,524	6 4%	55,717
Texas	7,493,242	1 3%	100,170	7,593,412	25 4%	1,926,796	22.6%	435,718
Utah	716,224	9 7%	69,218	785,443	22 2%	174,445	12 4%	21,551
Vermont	259,765	14.3%	37,188	296,953	32.9%	97,670	35.0%	34,193
Virginia	2,759,677	7 1%	196,873	2,956,550	11.3%	334,873	6 6%	22,209
Washington	2,397,497	7 0%	168,037	2,565,534	16 4%	421,094	21.2%	89,167
West Virginia	759,332	0 6%	4,808	764,140	19 8%	151,333	3 3%	4,936
Wisconsin	2,181,649	13.3%	289,380	2,471,029	11 5%	283,336	27.3%	77,397
Wyoming	196,973	3 7%	7,223	204,196	15 0%	30,529	7 2%	2,204
Nationwide	109,388,768	7 7%	8,657,000	118,045,768	17 8%	21,013,000	33 7%	6,775,000

[1] 1 75 times the 2-year growth (2000-2002) equals the growth over 3.5 years

Note Some numbers in this spreadsheet have been rounded

Source Current Population Survey of Households (CPSH) March 2000 and 2002 data

Section 1: Baseline Information
Table 1.C
Forecasted baseline Lifeline expenditures (Year 2005)

State	a (staff estimate)[1] Monthly federal support per line in 2005	b=a*12 Annual federal support per line	c (Table 1 B) Expected Households taking Lifeline under existing rules	d=b*c Forecasted Lifeline expenditures under existing rules
Alabama	$10 00	$120 00	25,618	$3,074,197
Alaska	$10 00	$120 00	24,567	$2,948,007
Arizona	$8 31	$99 67	82,488	$8,221,159
Arkansas	$8 25	$99 00	10,655	$1,054,846
California	$8 34	$100 02	3,162,324	$316,308,133
Colorado	$10 00	$120 00	32,568	$3,908,155
Connecticut	$8 02	$96 26	65,570	$6,312,049
Delaware	$8 17	$98 04	2,390	$234,348
DC	$7 32	$87 84	16,638	$1,461,447
Florida	$10.00	$120 00	167,936	$20,152,282
Georgia	$10 00	$120 00	77,224	$9,266,937
Hawaii	$8 25	$99 00	14,539	$1,439,387
Idaho	$9.91	$118 92	29,093	$3,459,726
Illinois	$7 42	$89 01	95,948	$8,540,023
Indiana	$7 45	$89 39	46,461	$4,153,300
Iowa	$6 96	$83 48	18,196	$1,518,973
Kansas	$8 82	$105.87	14,794	$1,566,265
Kentucky	$9 86	$118 29	63,085	$7,462,594
Louisiana	$8.25	$99 00	22,650	$2,242,338
Maine	$9 93	$119 19	107,956	$12,867,569
Maryland	$9.11	$109 33	4,358	$476,493
Massachusetts	$9 92	$119 04	178,441	$21,241,723
Michigan	$8 21	$98 54	132,031	$13,010,610
Minnesota	$7 04	$84 44	54,115	$4,569,718
Mississippi	$10 00	$120.00	24,766	$2,971,882
Missouri	$7 08	$84 97	34,585	$2,938,649
Montana	$10.00	$120 00	17,541	$2,104,915
Nebraska	$9 43	$113 15	16,261	$1,839,924
Nevada	$7.87	$94.49	49,112	$4,640,695
New Hampshire	$8 17	$98 08	8,856	$868,626
New Jersey	$7 95	$95 45	52,537	$5,014,836
New Mexico	$10 00	$120.00	51,021	$6,122,532
New York	$9 83	$117.99	532,594	$62,842,179
North Carolina	$9 72	$116 61	115,402	$13,457,472
North Dakota	$10 00	$120 00	21,729	$2,607,431
Ohio	$7.33	$87 99	287,706	$25,315,775
Oklahoma	$7 78	$93 36	122,222	$11,410,768
Oregon	$10 00	$120 00	37,626	$4,515,156
Pennsylvania	$9 03	$108.32	101,819	$11,028,901
Rhode Island	$9 92	$119 04	54,795	$6,522,833
South Carolina	$9 98	$119 72	22,569	$2,702,025
South Dakota	$8 21	$98 47	31,543	$3,106,151
Tennessee	$9.89	$118 70	55,717	$6,613,430
Texas	$8.90	$106 81	435,718	$46,540,253
Utah	$9 94	$119 22	21,551	$2,569,386
Vermont	$9 93	$119 20	34,193	$4,075,759
Virginia	$9 44	$113.22	22,209	$2,514,557
Washington	$9 62	$115 40	89,167	$10,289,790
West Virginia	$9 25	$111 00	4,936	$547,914
Wisconsin	$7 72	$92 68	77,397	$7,173,137
Wyoming	$10 00	$120 00	2,204	$264,475
Nationwide	Not applicable	Not applicable	6,775,000	$706,000,000

[1] Estimate of monthly federal expenditures includes the Subscriber Line Charge (SLC), $1.75, and any federal matching funds for that state. SLC amounts were estimated on a company-by-company basis, and are based on rules established by the CALLS and MAG proceedings The SLC for each state is a weighted average based on the number of Lifeline subscribers served by each carrier in the state

Note Some numbers in this table have been rounded

Section 2: Change to baseline: effects from the new policy

Table 2.A

Estimated additional Lifeline-eligible households using a nationwide 1.35 PGC (Year 2002)

State	a (Table 1.A) Households in 2002	b (CPSH data) Additional households that would qualify with a 1.35 PGC[1]	c=b/a Additional households (%) that would qualify with a 1.35 PGC
Alabama	1,752,018	215,207	12.3%
Alaska	224,499	13,844	6 2%
Arizona	1,939,473	185,330	9 6%
Arkansas	1,059,049	118,958	11.2%
California	11,935,960	0	0.0%
Colorado	1,690,526	186,613	11.0%
Connecticut	1,381,915	89,134	6 5%
Delaware	310,968	17,289	5.6%
DC	269,356	0	0.0%
Florida	6,683,618	796,448	11 9%
Georgia	3,172,213	322,103	10.2%
Hawaii	418,526	49,646	11.9%
Idaho	495,397	0	0.0%
Illinois	4,836,881	308,489	6.4%
Indiana	2,501,325	250,921	10.0%
Iowa	1,163,128	86,702	7.5%
Kansas	1,088,752	126,285	11.6%
Kentucky	1,583,371	152,902	9.7%
Louisiana	1,668,964	224,683	13.5%
Maine	571,277	47,531	8.3%
Maryland	2,083,956	237,109	11.4%
Massachusetts	2,584,626	210,387	8.1%
Michigan	3,947,084	0	0 0%
Minnesota	1,994,754	112 747	5.7%
Mississippi	1,097,592	134,790	12.3%
Missouri	2,217,997	85,800	3.9%
Montana	379,228	47,148	12.4%
Nebraska	678,736	48,833	7.2%
Nevada	809,411	0	0.0%
New Hampshire	523,968	30,006	5 7%
New Jersey	3,262,561	269,354	8.3%
New Mexico	698,282	82,183	11.8%
New York	7,294,127	707,314	9.7%
North Carolina	3,217,678	355,125	11.0%
North Dakota	275,725	33,726	12.2%
Ohio	4,595,674	347,706	7 6%
Oklahoma	1,366,274	156,058	11.4%
Oregon	1,366,819	0	0 0%
Pennsylvania	4,863,997	259,911	5.3%
Rhode Island	428,672	38,998	9.1%
South Carolina	1,574,457	161,435	10.3%
South Dakota	308,026	22,859	7.4%
Tennessee	2,307,548	20,150	0.9%
Texas	7,493,242	160,328	2.1%
Utah	716,224	0	0.0%
Vermont	259,765	0	0.0%
Virginia	2,759,677	219,268	7.9%
Washington	2,397,497	183,007	7 6%
West Virginia	759,332	102,247	13.5%
Wisconsin	2,181,649	122,718	5.6%
Wyoming	196,973	15,284	7.8%
Nationwide	109,388,768	7,357,000	6.7%

1 States that already have a 1.33 or a 1.50 PGC would not see increased Lifeline subscribership.

Note Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.B

Estimated additional Lifeline-eligible households using a nationwide 1.35 PGC (Year 2005)

State	a (Table 1.B) Forecasted Households in 2005	b (Table 2 A) Additional households (%) that would qualify with a 1.35 PGC	c=a*b Additional households that would qualify with a 1.35 PGC
Alabama	1,766,868	12 3%	217,031
Alaska	236,684	6.2%	14,595
Arizona	2,185,979	9.6%	208,885
Arkansas	1,117,248	11.2%	125,495
California	11,675,997	0 0%	0
Colorado	1,853,209	11.0%	204,571
Connecticut	1,560,766	6 5%	100,670
Delaware	353,960	5 6%	19,679
DC	328,431	0 0%	0
Florida	7,875,457	11.9%	938,473
Georgia	3,588,499	10 2%	364,372
Hawaii	430,831	11.9%	51,105
Idaho	521,070	0.0%	0
Illinois	5,322,880	6.4%	339,486
Indiana	2,881,893	10.0%	289,098
Iowa	1,188,981	7.5%	88,629
Kansas	1,169,256	11 6%	135,622
Kentucky	1,644,539	9.7%	158,809
Louisiana	1,777,645	13 5%	239,314
Maine	720,589	8.3%	59,954
Maryland	2,258,191	11.4%	256,934
Massachusetts	2,801,968	8 1%	228,078
Michigan	4,386,888	0 0%	0
Minnesota	2,269,978	5.7%	128,303
Mississippi	1,204,582	12.3%	147,929
Missouri	2,302,085	3 9%	89,053
Montana	420,615	12.4%	52,294
Nebraska	724,145	7.2%	52,100
Nevada	1,068,492	0.0%	0
New Hampshire	639,804	5.7%	36,640
New Jersey	3,671,381	8.3%	303,106
New Mexico	752,325	11.8%	88,544
New York	7,759,204	9 7%	752,412
North Carolina	3,731,543	11.0%	411,839
North Dakota	311,615	12.2%	38,116
Ohio	4,729,065	7.6%	357,799
Oklahoma	1,423,636	11 4%	162,610
Oregon	1,412,789	0.0%	0
Pennsylvania	5,221,614	5.3%	279,020
Rhode Island	508,546	9 1%	46,265
South Carolina	1,629,353	10.3%	167,064
South Dakota	358,305	7.4%	26,591
Tennessee	2,621,206	0.9%	22,889
Texas	7,593,412	2.1%	162,471
Utah	785,443	0.0%	0
Vermont	296,953	0.0%	0
Virginia	2,956,550	7.9%	234,910
Washington	2,565,534	7.6%	195,834
West Virginia	764,140	13 5%	102,895
Wisconsin	2,471,029	5.6%	138,995
Wyoming	204,196	7.8%	15,844
Nationwide	118,045,768	6.7%	8,054,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy
Table 2.C
Regression analysis: Would Lifeline take rates[1] increase due to a nationwide implementation of a 1.35 PGC?

Regression Model

Dependent variable. Lifeline take rate	Specification 1 (Low Range)		Specification 2 (High Range)	
Independent variables	Coefficient	t-statistic	Coefficient	t-statistic
Amount that state's PGC is above 1.25[3]	0.554	1.78	0.612	1.99
California	0.990	5.95	0.992	5.96
Total support	0.010	1.02		
Constant	0.082	0.88	0.173	7.69
Sample size: 51 R^2 =	0.5636		0.5539	
Conclusion: Yes, for both specifications, the coefficient on "Amount that state's PGC is above 1.25" is positive and statistically significant.				

Result

Q: If a state without a PGC (or a state with a PGC below 1.35) added a 1.35 PGC, how much would the take rate increase?

	Coefficient	Amount 1.35 PGC is above 1.25	Increase in portion that would take Lifeline[4]
Low range	0.554	0.1	0.055
High range:	0.612	0.1	0.061

A: The take rate would rise by 5.5 to 6.1 percentage points.

Notes:

[1] The Lifeline take rate is the number of households that take Lifeline divided by the number of households with income at or below 1.5 times the federal poverty guidelines. For more information on the regression, including why the number of households at or below 1.5 times the federal poverty guidelines is used, *see* "Additional Information on regression specification" in Technical Appendix 1.

[2] Significant at the 10% level in a two-tailed test.

[3] For instance, if a state has a 1.5 poverty guidelines criterion, then the variable has a value of .25 (=1.5 - 1.25). If a state has no poverty guidelines criteria, or if the state's poverty guidelines criteria is at or below 1.25, then the variable has a value of 0.

[4] This means that if a state raised its PGC from 1.25 to 1.35, then, on average, the percentage of poor households that take Lifeline would rise by 5.5 to 6.1 percentage points. Similarly, on average, a state adding a 1.35 PGC where no PGC existed would increase its Lifeline take rate by 5.5 to 6.1 percentage points.

Section 2: Change to baseline: effects from the new policy
Table 2.D
Estimated additional Lifeline subscribership with a nationwide 1.35 PGC

	a (CPSH data)	b (Table 2 C)	c=a*b
	Households with incomes at or below 1.5 times the poverty guidelines in states with 1.33 or lower PGCs (Year 2002)[1]	Additional households that would take Lifeline due to 1.35 PGC	Additional Lifeline takers due to 1.35 PGC[2]
Low range	19,232,000	5.5%	1,066,000
High range:	19,232,000	6 1%	1,180,000

Q Of the households that would become eligible to take Lifeline because of a 1.35 PGC, what percentage would do so only because of the 1.35 PGC?

	A (Column c, above)	B (Table 2 A)	C=A/B
	Additional households that would have taken Lifeline due to a 1.35 PGC	Additional households that would have become eligible due to a 1 35 PGC	Percentage of newly eligible households that would take Lifeline with a 1.35 PGC
Low range:	1,066,000	7,357,000	14.5%
High range	1,180,000	7,357,000	16.0%

A: 14.5% to 16.0% of the households that would become eligible for Lifeline would subscribe.

Notes

1 The regression analysis presented in Table 2.C examined Lifeline take rates among households with incomes at or below 1.5 times the federal poverty guidelines. This value includes households in states without a poverty guidelines criterion for Lifeline.

2 Assumes that states with a Lifeline criterion of 1.5 PGC do not change their criteria. Also assumes that states with 1.33 PGCs see no measurable effect from implementing a 1.35 PGC.

Source: Current Population Survey of Households (CPSH) March 2002 data.

Section 2: Change to baseline: effects from the new policy

Table 2.E

Estimated state-by-state additional Lifeline subscribers using a 1.35 PGC (Year 2002)

		Low range		High range	
	a (Table 2.A)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.35 PGC were added	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC
Alabama	215,207	14.5%	31,183	16.0%	34,517
Alaska	13,844	14.5%	2,006	16.0%	2,220
Arizona	185,330	14.5%	26,854	16.0%	29,725
Arkansas	118,958	14.5%	17,237	16.0%	19,080
California	0	14.5%	0	16.0%	0
Colorado	186,613	14.5%	27,039	16.0%	29,931
Connecticut	89,134	14.5%	12,915	16.0%	14,296
Delaware	17,289	14.5%	2,505	16.0%	2,773
DC	0	14.5%	0	16.0%	0
Florida	796,448	14.5%	115,402	16.0%	127,744
Georgia	322,103	14.5%	46,671	16.0%	51,663
Hawaii	49,646	14.5%	7,193	16.0%	7,963
Idaho	0	14.5%	0	16.0%	0
Illinois	308,489	14.5%	44,699	16.0%	49,479
Indiana	250,921	14.5%	36,358	16.0%	40,246
Iowa	86,702	14.5%	12,563	16.0%	13,906
Kansas	126,285	14.5%	18,298	16.0%	20,255
Kentucky	152,902	14.5%	22,155	16.0%	24,524
Louisiana	224,683	14.5%	32,556	16.0%	36,037
Maine	47,531	14.5%	6,887	16.0%	7,624
Maryland	237,109	14.5%	34,356	16.0%	38,030
Massachusetts	210,387	14.5%	30,484	16.0%	33,744
Michigan	0	14.5%	0	16.0%	0
Minnesota	112,747	14.5%	16,337	16.0%	18,084
Mississippi	134,790	14.5%	19,530	16.0%	21,619
Missouri	85,800	14.5%	12,432	16.0%	13,762
Montana	47,148	14.5%	6,832	16.0%	7,562
Nebraska	48,833	14.5%	7,076	16.0%	7,832
Nevada	0	14.5%	0	16.0%	0
New Hampshire	30,006	14.5%	4,348	16.0%	4,813
New Jersey	269,354	14.5%	39,028	16.0%	43,202
New Mexico	82,183	14.5%	11,908	16.0%	13,182
New York	707,314	14.5%	102,487	16.0%	113,447
North Carolina	355,125	14.5%	51,456	16.0%	56,959
North Dakota	33,726	14.5%	4,887	16.0%	5,409
Ohio	347,706	14.5%	50,381	16.0%	55,769
Oklahoma	156,058	14.5%	22,612	16.0%	25,030
Oregon	0	14.5%	0	16.0%	0
Pennsylvania	259,911	14.5%	37,660	16.0%	41,687
Rhode Island	38,998	14.5%	5,651	16.0%	6,255
South Carolina	161,435	14.5%	23,391	16.0%	25,893
South Dakota	22,859	14.5%	3,312	16.0%	3,666
Tennessee	20,150	14.5%	2,920	16.0%	3,232
Texas	160,328	14.5%	23,231	16.0%	25,715
Utah	0	14.5%	0	16.0%	0
Vermont	0	14.5%	0	16.0%	0
Virginia	219,268	14.5%	31,771	16.0%	35,169
Washington	183,007	14.5%	26,517	16.0%	29,353
West Virginia	102,247	14.5%	14,815	16.0%	16,400
Wisconsin	122,718	14.5%	17,781	16.0%	19,683
Wyoming	15,284	14.5%	2,215	16.0%	2,451
Nationwide	7,357,000	14.5%	1,066,000	16.0%	1,180,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.F

Estimated state-by-state additional Lifeline subscribers using a 1.35 PGC (Year 2005)

		Low range		High range	
	a (Table 2.B)	b (Table 2.D)	c=a*b	d (Table 2.D)	e=a*d
State	Additional HH that would qualify if 1.35 PGC were added	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC	Take rate among HH that qualify due to 1.35 PGC	Additional LL takers due to 1.35 PGC
Alabama	217,031	14.5%	31,447	16.0%	34,810
Alaska	14,595	14.5%	2,115	16.0%	2,341
Arizona	208,885	14.5%	30,267	16.0%	33,503
Arkansas	125,495	14.5%	18,184	16.0%	20,128
California	0	14.5%	0	16.0%	0
Colorado	204,571	14.5%	29,641	16.0%	32,811
Connecticut	100,670	14.5%	14,587	16.0%	16,147
Delaware	19,679	14.5%	2,851	16.0%	3,156
DC	0	14.5%	0	16.0%	0
Florida	938,473	14.5%	135,981	16.0%	150,523
Georgia	364,372	14.5%	52,796	16.0%	58,442
Hawaii	51,105	14.5%	7,405	16.0%	8,197
Idaho	0	14.5%	0	16.0%	0
Illinois	339,486	14.5%	49,190	16.0%	54,451
Indiana	289,098	14.5%	41,889	16.0%	46,369
Iowa	88,629	14.5%	12,842	16.0%	14,215
Kansas	135,622	14.5%	19,651	16.0%	21,753
Kentucky	158,809	14.5%	23,011	16.0%	25,472
Louisiana	239,314	14.5%	34,676	16.0%	38,384
Maine	59,954	14.5%	8,687	16.0%	9,616
Maryland	256,934	14.5%	37,229	16.0%	41,210
Massachusetts	228,078	14.5%	33,048	16.0%	36,582
Michigan	0	14.5%	0	16.0%	0
Minnesota	128,303	14.5%	18,591	16.0%	20,579
Mississippi	147,929	14.5%	21,434	16.0%	23,726
Missouri	89,053	14.5%	12,903	16.0%	14,283
Montana	52,294	14.5%	7,577	16.0%	8,387
Nebraska	52,100	14.5%	7,549	16.0%	8,356
Nevada	0	14.5%	0	16.0%	0
New Hampshire	36,640	14.5%	5,309	16.0%	5,877
New Jersey	303,106	14.5%	43,919	16.0%	48,616
New Mexico	88,544	14.5%	12,830	16.0%	14,202
New York	752,412	14.5%	109,022	16.0%	120,680
North Carolina	411,839	14.5%	59,674	16.0%	66,055
North Dakota	38,116	14.5%	5,523	16.0%	6,113
Ohio	357,799	14.5%	51,844	16.0%	57,388
Oklahoma	162,610	14.5%	23,562	16.0%	26,081
Oregon	0	14.5%	0	16.0%	0
Pennsylvania	279,020	14.5%	40,429	16.0%	44,752
Rhode Island	46,265	14.5%	6,704	16.0%	7,420
South Carolina	167,064	14.5%	24,207	16.0%	26,796
South Dakota	26,591	14.5%	3,853	16.0%	4,265
Tennessee	22,889	14.5%	3,317	16.0%	3,671
Texas	162,471	14.5%	23,541	16.0%	26,059
Utah	0	14.5%	0	16.0%	0
Vermont	0	14.5%	0	16.0%	0
Virginia	234,910	14.5%	34,038	16.0%	37,678
Washington	195,834	14.5%	28,376	16.0%	31,410
West Virginia	102,895	14.5%	14,909	16.0%	16,503
Wisconsin	138,995	14.5%	20,140	16.0%	22,294
Wyoming	15,844	14.5%	2,296	16.0%	2,541
Nationwide	8,054,000	14.5%	1,167,000	16.0%	1,292,000

Note: Some numbers in this table have been rounded.

Section 2: Change to baseline: effects from the new policy

Table 2.G

Estimated increase in Lifeline expenditures (Year 2005)

	a (Table 1 C)	Low range b (Table 2.F)	Low range c=a*b	High range d (Table 2.F)	High range e=a*d
State	Annual federal support per Lifeline subscriber	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures	Forecasted additional HH taking Lifeline	Forecasted increased federal Lifeline expenditures
Alabama	$120.00	31,447	$3,773,626	34,810	$4,177,184
Alaska	$120 00	2,115	$253,772	2,341	$280,911
Arizona	$99.67	30,267	$3,016,523	33,503	$3,339,116
Arkansas	$99.00	18,184	$1,800,188	20,128	$1,992,704
California	$100 02	0	$0	0	$0
Colorado	$120 00	29,641	$3,556,976	32,811	$3,937,366
Connecticut	$96 26	14,587	$1,404,187	16,147	$1,554,353
Delaware	$98 04	2,851	$279,548	3,156	$309,443
DC	$87 84	0	$0	0	$0
Florida	$120.00	135,981	$16,317,721	150,523	$18,062,768
Georgia	$120.00	52,796	$6,335,533	58,442	$7,013,066
Hawaii	$99 00	7,405	$733,088	8,197	$811,486
Idaho	$118.92	0	$0	0	$0
Illinois	$89.01	49,190	$4,378,232	54,451	$4,846,448
Indiana	$89.39	41,889	$3,744,574	46,369	$4,145,026
Iowa	$83.48	12,842	$1,072,049	14,215	$1,186,696
Kansas	$105.87	19,651	$2,080,563	21,753	$2,303,063
Kentucky	$118.29	23,011	$2,722,020	25,472	$3,013,118
Louisiana	$99.00	34,676	$3,432,915	38,384	$3,800,037
Maine	$119 19	8,687	$1,035,426	9,616	$1,146,156
Maryland	$109 33	37,229	$4,070,235	41,210	$4,505,513
Massachusetts	$119.04	33,048	$3,934,001	36,582	$4,354,710
Michigan	$98.54	0	$0	0	$0
Minnesota	$84.44	18,591	$1,569,863	20,579	$1,737,748
Mississippi	$120.00	21,434	$2,572,113	23,726	$2,847,179
Missouri	$84.97	12,903	$1,096,380	14,283	$1,213,629
Montana	$120 00	7,577	$909,256	8,387	$1,006,493
Nebraska	$113.15	7,549	$854,199	8,356	$945,549
Nevada	$94 49	0	$0	0	$0
New Hampshire	$98.08	5,309	$520,691	5,877	$576,375
New Jersey	$95.45	43,919	$4,192,190	48,616	$4,640,511
New Mexico	$120 00	12,830	$1,539,560	14,202	$1,704,203
New York	$117 99	109,022	$12,863,739	120,680	$14,239,411
North Carolina	$116.61	59,674	$6,958,802	66,055	$7,702,989
North Dakota	$120 00	5,523	$662,744	6,113	$733,619
Ohio	$87.99	51,844	$4,561,810	57,388	$5,049,659
Oklahoma	$93.36	23,562	$2,199,741	26,081	$2,434,986
Oregon	$120 00	0	$0	0	$0
Pennsylvania	$108 32	40,429	$4,379,192	44,752	$4,847,511
Rhode Island	$119 04	6,704	$797,991	7,420	$883,330
South Carolina	$119 72	24,207	$2,898,061	26,796	$3,207,985
South Dakota	$98.47	3,853	$379,405	4,265	$419,980
Tennessee	$118 70	3,317	$393,658	3,671	$435,757
Texas	$106.81	23,541	$2,514,529	26,059	$2,783,437
Utah	$119 22	0	$0	0	$0
Vermont	$119 20	0	$0	0	$0
Virginia	$113.22	34,038	$3,853,841	37,678	$4,265,978
Washington	$115.40	28,376	$3,274,503	31,410	$3,624,684
West Virginia	$111.00	14,909	$1,654,941	16,503	$1,831,923
Wisconsin	$92.68	20,140	$1,866,563	22,294	$2,066,177
Wyoming	$120.00	2,296	$275,487	2,541	$304,949
Nationwide	Not applicable	1,167,000	$127,000,000	1,292,000	$140,000,000

Note Some numbers in this table have been rounded

Section 2: Change to baseline: effects from the new policy
Table 2.H
Logit regression results: Would a 1.35 poverty guidelines criterion for Lifeline increase telephone penetration?

Logistic regression analysis[1]

Dependent side variable: Does the household have telephone service?

Independent side variables	Coefficient value	Wald statistic	P-Value	Statistically significant
State has 1.35 or higher poverty guidelines criterion for Lifeline	0.179	3.37	0.07	Yes
Income (000s)	0.035	69.99	0.00	Yes
Household is a mobile home	-0.757	71.65	0.00	Yes
Household is owned, not rented	0.975	203.71	0.00	Yes
Percentage of householders who have lived there one year	0.463	51.65	0.00	Yes
Someone in the household is on food stamps	-0.245	17.20	0.00	Yes
Household is in a state with a Medicaid criterion	-0.269	3.48	0.06	Yes[2]
Household is in a state with a food stamp criterion	-0.101	0.52	0.47	Yes[2]
Household is in a state with a TANF criterion	0.105	3.03	0.08	Yes[2]
Household is in a state with a LIHEAP criterion	0.160	3.19	0.07	Yes[2]
Household is in a state with a Public Housing criterion	-0.077	1.12	0.29	Yes[2]
Household is in a state with a National School Lunch criterion	0.019	0.01	0.91	Yes[2]
Household is in a state with an SSI criterion	0.060	0.35	0.56	Yes[2]
California	0.495	6.87	0.01	Yes
Constant	1.241	90.62	0.00	Yes

Conclusion: Yes, the coefficient on "State has 1.35 poverty guidelines criterion for Lifeline" is statistically significant.

[1] For more information on the logistic regression, see Technical Appendix 2.

[2] Although some criteria variables are not significant by themselves, the variables as a set are significant. The nature of these variables is such that they should all be used together, or not at all. Because they are significant as a set, they should

Section 2: Change to baseline: effects from the new policy

Table 2.I

Using the logit regression results: Calculating the number of households that would have taken telephone service with a nationwide 1.35 PGC

	a (Table 2.G)	b (CPSH)	c=a*b	d (CPSH)	e=a*d
	Coefficient	Means for households with income less than 1.35	Partial	Means (Same as column b except assumes all states adopt	Partial effect if all states implement 1.35
Variable	value	PLG	effect	1.35 PGC[1])	PGC for Lifeline
State has 1.35 criteria for LL	0.179	0.180	0.032	1.000	0.179
Income (dollar values in 000s)	0.035	11 208	0.397	11.208	0.397
Lives in a mobile home	-0 757	0.086	-0 065	0.086	-0.065
Owns home	0.975	0 440	0.429	0.440	0 429
Percent HH lived there one year	0 463	0 820	0.380	0.820	0.380
On food stamps	-0 245	0 265	-0.065	0.265	-0.065
Medicaid criterion	-0 269	0 823	-0.221	0.823	-0.221
Food stamp criterion	-0 101	0.781	-0.079	0.781	-0.079
TANF criterion	0.105	0.450	0.047	0 450	0.047
Energy Assistance criterion	0 160	0.642	0.103	0 642	0.103
Public? Criterion	-0.077	0.423	-0.033	0.423	-0.033
Hot lunch criterion	0.019	0 028	0.001	0.028	0.001
SSI criterion	0.060	0.770	0.046	0 770	0.046
California	0 495	0.075	0.037	0 075	0.037
Constant	1.241	1.000	1 241	1.000	1.241
Z = Sum of partial effects			2.250		2.396
Penetration among HH with incomes below 1.35 PGC = $1/(1+e^{-z})$:			90.5%		91.7%
Increase in penetration among HH at or below 1.35 times the poverty line = (90.5% - 91.7%)				1.2%	A
Year 2002: Households below 1.35 times the poverty level.				19,230,000	B (CPSH)
Year 2002: Households that would have taken phone service due to Lifeline change:				229,000	C=A*B
Year 2005: Households below 1.35 times the poverty level [2]				20,710,000	D (CPSH)
Year 2005: Households that would have taken phone service due to Lifeline change:				247,000	E=A*D

Notes

[1] Assumes that states with 1 5 PGC criteria keep it.

[2] Forecasted using CPSH data.

Section 2: Change to baseline: effects from the new policy
Section 2: Estimate changes from new policy
Table 2.J
Breakdown of Lifeline subscribers with a nationwide 1.35 PGC (Year 2002)

	a (Table 2.E)	b (Table 2.H)	c=a-b
	Households that would sign up for Lifeline service due to 1.35 PGC	Households new to telephone service due to 1.35 PGC	Households with telephone service that would sign up for Lifeline due to 1.35 PGC
Low range:	1,066,000	229,000	837,000
High range:	1,180,000	229,000	951,000

Section 2: Change to baseline: effects from the new policy
Table 2.K
Breakdown of Lifeline subscribers with a nationwide 1.35 PGC (Year 2005)

	a (Table 2.F)	b (Table 2.H)	c=a-b
	Households that would sign up for Lifeline service due to 1.35 PGC	Households new to telephone service due to 1.35 PGC	Households with telephone service that would sign up for Lifeline due to 1.35 PGC
Low range:	1,167,000	247,000	920,000
High range:	1,292,000	247,000	1,045,000

Section 3: New policy: new levels resulting from a 1.35 PGC (as of July 1, 2005)

Table 3.A

Forecasted new Lifeline subscribers (Year 2005)

			Low range		High range	
	a (Table 1 B)	b (Table 1 B)	c (Table 2 F)	d=b+c	e (Table 2.F)	f=b+e
State	Forecasted households	Forecasted baseline households taking Lifeline	Additional LL takers due to 1 35 PGC	New total households taking Lifeline	Additional LL takers due to 1 35 PGC	New total households taking Lifeline
Alabama	1,766,868	25,618	31,447	57,065	34,810	60,428
Alaska	236,684	24,567	2,115	26,681	2,341	26,908
Arizona	2,185,979	82,488	30,267	112,755	33,503	115,991
Arkansas	1,117,248	10,655	18,184	28,839	20,128	30,783
California	11,675,997	3,162,324	0	3,162,324	0	3,162,324
Colorado	1,853,209	32,568	29,641	62,209	32,811	65,379
Connecticut	1,560,766	65,570	14,587	80,156	16,147	81,716
Delaware	353,960	2,390	2,851	5,242	3,156	5,547
DC	328,431	16,638	0	16,638	0	16,638
Florida	7,875,457	167,936	135,981	303,917	150,523	318,459
Georgia	3,588,499	77,224	52,796	130,021	58,442	135,667
Hawaii	430,831	14,539	7,405	21,944	8,197	22,736
Idaho	521,070	29,093	0	29,093	0	29,093
Illinois	5,322,880	95,948	49,190	145,139	54,451	150,399
Indiana	2,881,893	46,461	41,889	88,351	46,369	92,830
Iowa	1,188,981	18,196	12,842	31,038	14,215	32,411
Kansas	1,169,256	14,794	19,651	34,445	21,753	36,546
Kentucky	1,644,539	63,085	23,011	86,096	25,472	88,557
Louisiana	1,777,645	22,650	34,676	57,325	38,384	61,034
Maine	720,589	107,956	8,687	116,643	9,616	117,572
Maryland	2,258,191	4,358	37,229	41,587	41,210	45,568
Massachusetts	2,801,968	178,441	33,048	211,489	36,582	215,023
Michigan	4,386,888	132,031	0	132,031	0	132,031
Minnesota	2,269,978	54,115	18,591	72,706	20,579	74,694
Mississippi	1,204,582	24,766	21,434	46,200	23,726	48,492
Missouri	2,302,085	34,585	12,903	47,489	14,283	48,869
Montana	420,615	17,541	7,577	25,118	8,387	25,928
Nebraska	724,145	16,261	7,549	23,810	8,356	24,617
Nevada	1,068,492	49,112	0	49,112	0	49,112
New Hampshire	639,804	8,856	5,309	14,165	5,877	14,733
New Jersey	3,671,381	52,537	43,919	96,456	48,616	101,153
New Mexico	752,325	51,021	12,830	63,851	14,202	65,223
New York	7,759,204	532,594	109,022	641,616	120,680	653,275
North Carolina	3,731,543	115,402	59,674	175,076	66,055	181,457
North Dakota	311,615	21,729	5,523	27,251	6,113	27,842
Ohio	4,729,065	287,706	51,844	339,550	57,388	345,094
Oklahoma	1,423,636	122,222	23,562	145,783	26,081	148,303
Oregon	1,412,789	37,626	0	37,626	0	37,626
Pennsylvania	5,221,614	101,819	40,429	142,248	44,752	146,572
Rhode Island	508,546	54,795	6,704	61,499	7,420	62,216
South Carolina	1,629,353	22,569	24,207	46,776	26,796	49,365
South Dakota	358,305	31,543	3,853	35,396	4,265	35,808
Tennessee	2,621,206	55,717	3,317	59,034	3,671	59,388
Texas	7,593,412	435,718	23,541	459,259	26,059	461,777
Utah	785,443	21,551	0	21,551	0	21,551
Vermont	296,953	34,193	0	34,193	0	34,193
Virginia	2,956,550	22,209	34,038	56,246	37,678	59,886
Washington	2,565,534	89,167	28,376	117,543	31,410	120,577
West Virginia	764,140	4,936	14,909	19,845	16,503	21,440
Wisconsin	2,471,029	77,397	20,140	97,537	22,294	99,691
Wyoming	204,196	2,204	2,296	4,500	2,541	4,745
Nationwide	118,045,768	6,775,000	1,167,000	7,942,000	1,292,000	8,067,000

Note Some numbers in this table have been rounded

Section 3: New policy: new levels resulting from a 1.35 PGC (as of July 1, 2005)
Table 3.B
Forecasted new Lifeline expenditures (Year 2005)

		Low range		High range	
	a (Table 1 C) Annual federal Lifeline expenditures	b (Table 2 K) Additional federal Lifeline expenditures	c=a*b Total federal Lifeline expenditures	d (Table 2 K) Additional federal Lifeline expenditures	e=a*d Total federal Lifeline expenditures
State	without 1 35 PGC	with 1.35 PGC	with 1 35 PGC	with 1 35 PGC	with 1 35 PGC
Alabama	$3,074,197	$3,773,626	$6,847,823	$4,177,184	$7,251,381
Alaska	$2,948,007	$253,772	$3,201,779	$280,911	$3,228,918
Arizona	$8,221,159	$3,016,523	$11,237,682	$3,339,116	$11,560,275
Arkansas	$1,054,846	$1,800,188	$2,855,034	$1,992,704	$3,047,550
California	$316,308,133	$0	$316,308,133	$0	$316,308,133
Colorado	$3,908,155	$3,556,976	$7,465,132	$3,937,366	$7,845,521
Connecticut	$6,312,049	$1,404,187	$7,716,236	$1,554,353	$7,866,402
Delaware	$234,348	$279,548	$513,896	$309,443	$543,791
DC	$1,461,447	$0	$1,461,447	$0	$1,461,447
Florida	$20,152,282	$16,317,721	$36,470,003	$18,062,768	$38,215,050
Georgia	$9,266,937	$6,335,533	$15,602,470	$7,013,066	$16,280,003
Hawaii	$1,439,387	$733,088	$2,172,474	$811,486	$2,250,872
Idaho	$3,459,726	$0	$3,459,726	$0	$3,459,726
Illinois	$8,540,023	$4,378,232	$12,918,255	$4,846,448	$13,386,471
Indiana	$4,153,300	$3,744,574	$7,897,874	$4,145,026	$8,298,326
Iowa	$1,518,973	$1,072,049	$2,591,022	$1,186,696	$2,705,669
Kansas	$1,566,265	$2,080,563	$3,646,828	$2,303,063	$3,869,327
Kentucky	$7,462,594	$2,722,020	$10,184,614	$3,013,118	$10,475,712
Louisiana	$2,242,338	$3,432,915	$5,675,252	$3,800,037	$6,042,374
Maine	$12,867,569	$1,035,426	$13,902,994	$1,146,156	$14,013,725
Maryland	$476,493	$4,070,235	$4,546,728	$4,505,513	$4,982,006
Massachusetts	$21,241,723	$3,934,001	$25,175,724	$4,354,710	$25,596,434
Michigan	$13,010,610	$0	$13,010,610	$0	$13,010,610
Minnesota	$4,569,718	$1,569,863	$6,139,582	$1,737,748	$6,307,466
Mississippi	$2,971,882	$2,572,113	$5,543,994	$2,847,179	$5,819,061
Missouri	$2,938,649	$1,096,380	$4,035,029	$1,213,629	$4,152,278
Montana	$2,104,915	$909,256	$3,014,171	$1,006,493	$3,111,408
Nebraska	$1,839,924	$854,199	$2,694,123	$945,549	$2,785,472
Nevada	$4,640,695	$0	$4,640,695	$0	$4,640,695
New Hampshire	$868,626	$520,691	$1,389,317	$576,375	$1,445,001
New Jersey	$5,014,836	$4,192,190	$9,207,027	$4,640,511	$9,655,347
New Mexico	$6,122,532	$1,539,560	$7,662,091	$1,704,203	$7,826,735
New York	$62,842,179	$12,863,739	$75,705,918	$14,239,411	$77,081,589
North Carolina	$13,457,472	$6,958,802	$20,416,274	$7,702,989	$21,160,461
North Dakota	$2,607,431	$662,744	$3,270,175	$733,619	$3,341,051
Ohio	$25,315,775	$4,561,810	$29,877,585	$5,049,659	$30,365,434
Oklahoma	$11,410,768	$2,199,741	$13,610,510	$2,434,986	$13,845,754
Oregon	$4,515,156	$0	$4,515,156	$0	$4,515,156
Pennsylvania	$11,028,901	$4,379,192	$15,408,093	$4,847,511	$15,876,412
Rhode Island	$6,522,833	$797,991	$7,320,824	$883,330	$7,406,163
South Carolina	$2,702,025	$2,898,061	$5,600,085	$3,207,985	$5,910,009
South Dakota	$3,106,151	$379,405	$3,485,556	$419,980	$3,526,131
Tennessee	$6,613,430	$393,658	$7,007,088	$435,757	$7,049,187
Texas	$46,540,253	$2,514,529	$49,054,782	$2,783,437	$49,323,690
Utah	$2,569,386	$0	$2,569,386	$0	$2,569,386
Vermont	$4,075,759	$0	$4,075,759	$0	$4,075,759
Virginia	$2,514,557	$3,853,841	$6,368,398	$4,265,978	$6,780,534
Washington	$10,289,790	$3,274,503	$13,564,293	$3,624,684	$13,914,475
West Virginia	$547,914	$1,654,941	$2,202,855	$1,831,923	$2,379,837
Wisconsin	$7,173,137	$1,866,563	$9,039,700	$2,066,177	$9,239,314
Wyoming	$264,475	$275,487	$539,963	$304,949	$569,424
Nationwide	$706,000,000	$127,000,000	$833,000,000	$140,000,000	$846,000,000

Note. Some numbers in this table have been rounded.

Analysis II:
Examination of a 1.50 PGC

Introduction

The Joint Board recommended the FCC add an income-based criterion to the federal eligibility criteria for Lifeline. The Joint Board also recommended that the income-based criterion be set at 1.35 times the Federal Poverty Guidelines. Thus, households with incomes at or below 1.35 times the Federal Poverty Guidelines would be eligible for Lifeline.

Some commenters suggest raising the criterion to 1.50 times the Federal Poverty Guidelines (FPG), based on the observation that LIHEAP uses a criterion of 1.50 times the FPG. The commenters argue that it would be logically inconsistent to use 1.35 for Lifeline directly, but 1.50 indirectly, through LIHEAP.[10] This analysis examines the costs and benefits of a nationwide implementation of a 1.50 PGC. This study uses the same steps as the analysis of a 1.35 PGC.

It is possible to calculate the number of additional Lifeline subscribers resulting from a 1.50 FPG with just a few tables, but this analysis includes the same tables as the preceding study on the effects of a 1.35 PGC so that the two analyses can be more easily compared. The nature of the telephone subscribership model is such that it must be rerun to examine whether a 1.50 FPG would increase telephone subscribership over a 1.35 FPG. The methodology used to examine the effects of a 1.50 FPG criterion for Lifeline remains the same.

Step 1: Create Baselines

The tables in this section examine the number of Lifeline subscribers, the number of households that are eligible for Lifeline, and the Lifeline subscription rate. These tables in Step 1 are the same as the tables in the main staff analysis.

Baseline Lifeline subscription rates for Year 2002. Nationally, 17.8% of households are estimated to have been eligible for Lifeline. Of these eligible households, an estimated 33.7% subscribed to Lifeline. (*See* Table 1.A).

Forecasted Baseline Lifeline subscription rates for 2005. There will be an estimated 118.0 million households in 2005, and 6.8 million of those households are expected to take Lifeline under existing rules. (*See* Table 1.B).

Forecasted Baseline federal Lifeline expenditures for 2005. Forecasted federal Lifeline expenditures under existing rules in 2005 are $706 million. (*See* Table 1.C).

[10] Consumer Coalition Comments at 2; Commissioner Wilson Pa PUC Reply Comments at 2-3; TOPC Comments at 5-6; USCCB Comments at 4-5.